

OCT 10 1956

TORONTO STOCK EXCHANGE

LISTING STATEMENT

PERMO GAS & OIL LIMITED

Incorporated under the Ontario Corporations Act by letters patent dated August 9, 1956. Supplementary letters patent issued dated August 23, 1956.

1. Address of the Company's Head Office and of any other offices:

Head Office — 330 University Avenue, Toronto.

2. Officers of the Company:

OFFICE HELD	NAME	ADDRESS	OCCUPATION
President	Harris Cox	1106 Talon Avenue, Calgary, Alberta.	Oil Operator
Secretary-Treasurer	Francis Richard Matthews	4612 Fifth Street, South West, Calgary, Alberta.	Barrister and Solicitor
Assistant Secretary	Gordon Waldie	1 Cluny Avenue, Toronto, Ontario.	Barrister and Solicitor

3. Directors of the Company:

NAME	ADDRESS	OCCUPATION
Gordon Hollis Allen, Q.C.	1110 Sifton Blvd., Calgary, Alta.	Barrister and Solicitor
Ralph Austin Bard, Jr.	40 Brinker Rd., Barrington, Ill.	Investment Research and Analysis
Harris Cox	1106 Talon Ave., Calgary, Alta.	Oil Operator
D'Arcy Manning Doherty	166 Warren Road, Toronto, Ont.	Stock Broker
Peter Kilburn	5 Rosemount Ave., Westmount, P.Q.	Investment Dealer
Francis Richard Matthews	4612 Fifth Street, South West, Calgary, Alberta.	Barrister and Solicitor
Maitland Fuller Newman	183 Douglas Drive, Toronto, Ont.	Investment Dealer

4. Names and addresses of all transfer agents:

The Canada Trust Company, Toronto.
 National Trust Company, Limited, Vancouver, Calgary and Montreal.

5. Particulars of any fee charged upon transfer other than customary government taxes:

Nil.

6. Names and addresses of all registrars:

The Canada Trust Company, Toronto.
 National Trust Company, Limited, Vancouver, Calgary and Montreal.

7. Amount of authorized capital: 4,680,000 4½% convertible redeemable preference shares with a par value of \$2 each (hereinafter called "preference shares") and 595,000 common shares without par value.

8. Number of shares and par value: See item 7.

9. Full details of all shares issued in payment for properties or for any other assets other than cash:

Date	Number of Shares	Brief description of the properties or other assets and the aggregate consideration therefor, expressed in cash, shares, etc.
	Nil	

This listing statement is a copy of the listing application made by the applicant company. The Exchange has received no consideration in connection with the issue of this listing statement other than the customary listing fee. The papers and exhibits submitted by the applicant company in support of the listing application are open for inspection at the general office of the Exchange.

10. Full details of all shares sold for cash.	<div>Date</div> <div>Number of Shares</div> <div>Price per Share</div> <div>Amount realized by Company</div>																										
	<div>Common Shares</div> <div> 10 August, 1956..... 7 12¢ \$ 0.84 24 August, 1956..... 297,493 12¢ \$ 35,699.16 Totals..... 297,500 \$ 35,700.00 </div> <div>Preference Shares</div> <div> 13 September, 1956..... 4,000,000 \$2 \$8,000,000.00 Total..... \$8,035,700.00 </div>																										
11. Total number of shares issued.	4,000,000 preference shares and 297,500 common shares																										
12. Number of shares now in treasury or otherwise unissued.	680,000 preference shares and 297,500 common shares.																										
13. Particulars of any issued shares held in trust for the Company or donated for treasury purposes.	Nil.																										
14. Date of last annual meeting.	None yet held.																										
15. Date of last report to shareholders.	None yet sent.																										
16. Details of any treasury shares (or shares issued subject to payment or shares held for the benefit of the treasury) now under option or the subject of any underwriting or sales agreement. If none, this to be stated.	<p>By agreement dated August 28th, 1956, the undermentioned Underwriters underwrote 4,000,000 preference shares at the price of \$2.00 per share as follows:—</p> <table> <tr><td>GREENSHIELDS & Co INC.....</td><td>933,334</td></tr> <tr><td>COCHRAN, MURRAY & Co., LIMITED.....</td><td>933,333</td></tr> <tr><td>DOHERTY ROADHOUSE & COMPANY LIMITED</td><td>933,333</td></tr> <tr><td>J. H. CRANG & Co.....</td><td>400,000</td></tr> <tr><td>T. A. RICHARDSON & Co.....</td><td>400,000</td></tr> <tr><td>WILLS, BICKLE & COMPANY.....</td><td>400,000</td></tr> <tr><td></td><td>4,000,000</td></tr> </table> <p>All the said 4,000,000 preference shares have been taken up as set out in item 10 above and the Company has paid to such Underwriters a commission at the rate of 18¢ per share on the said 4,000,000 preference shares.</p> <p>The Company has also granted options to the said Underwriters to purchase a total of 680,000 preference shares at the price of \$2 per share, exercisable in whole or in part at any time on or before September 1, 1961 and has agreed to pay a commission at the rate of 18¢ per share for each preference share purchased by the Underwriters pursuant to the said options. The number of preference shares optioned to each Underwriter is as follows:—</p> <table> <tr><td>GREENSHIELDS & Co INC.....</td><td>158,668</td></tr> <tr><td>COCHRAN, MURRAY & Co., LIMITED.....</td><td>158,666</td></tr> <tr><td>DOHERTY ROADHOUSE & COMPANY LIMITED</td><td>158,666</td></tr> <tr><td>J. H. CRANG & Co.....</td><td>68,000</td></tr> <tr><td>T. A. RICHARDSON & Co.....</td><td>68,000</td></tr> <tr><td>WILLS, BICKLE & COMPANY.....</td><td>68,000</td></tr> </table> <p>The Company has granted to each common shareholder in the capital of the Company of record on August 25, 1956 the right to purchase one additional common share at the price of \$1.82 for each common share then held by such shareholder, such rights to be exercised on or before September 1, 1961. The said rights are represented by common stock purchase warrants entitling the holders thereof to purchase common shares of the Company as aforesaid. The Company has issued such common stock purchase warrants representing rights to purchase a total of 297,500 common shares.</p>	GREENSHIELDS & Co INC.....	933,334	COCHRAN, MURRAY & Co., LIMITED.....	933,333	DOHERTY ROADHOUSE & COMPANY LIMITED	933,333	J. H. CRANG & Co.....	400,000	T. A. RICHARDSON & Co.....	400,000	WILLS, BICKLE & COMPANY.....	400,000		4,000,000	GREENSHIELDS & Co INC.....	158,668	COCHRAN, MURRAY & Co., LIMITED.....	158,666	DOHERTY ROADHOUSE & COMPANY LIMITED	158,666	J. H. CRANG & Co.....	68,000	T. A. RICHARDSON & Co.....	68,000	WILLS, BICKLE & COMPANY.....	68,000
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17. Details of any shares pooled, deposited in escrow, non-transferable or held under any syndicate agreement or control.	None.																										
18. Details of any registration with or approval or authority for sale granted by or any filing with a Securities Commission or corresponding Government body.	The Company has filed with The Ontario Securities Commission a prospectus relating to the 4,000,000 preference shares and the usual letter of The Ontario Securities Commission was issued on August 30, 1956. The said preference shares have also been qualified for sale to the public in the Provinces of Nova Scotia, New Brunswick, Quebec, Manitoba, Saskatchewan, Alberta and British Columbia.																										

19. Has any application for registration with or approval or authority for sale by or any filing with a Securities Commission or corresponding Government body ever been refused, cancelled or revoked? If so, give particulars.	No.
20. Particulars of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	None outstanding.
21. Enumerate fully, giving claim or property numbers, approximate acreage, townships and mining camp or oil field: (a) Properties owned where titles vested in Company. (b) Properties leased. (c) Properties otherwise held. Give particulars of title held by the Company in each instance, (e.g. patented, unpatented, Crown granted, held under mining license, perpetual lease, etc.)	See Schedule of Properties on pages 7 to 10 incl.
22. Full particulars of any royalties or other charges payable upon production from each individual property.	See Schedule of Properties on pages 7 to 10 incl. which shows the royalties payable.
23. Are any lawsuits pending against the Company or any of its properties, or are there any other circumstances which might affect the Company's position or title adversely? If so, explain fully.	No.
24. Describe plant and equipment on property.	There is no plant and equipment on the properties in which the Company has an interest other than conventional equipment used in the production of oil and natural gas.
25. Describe development accomplished and planned.	As at August 17, 1956, an aggregate of 25 gas wells had been completed and capped, 1 oil well had been completed, 8 wells had been drilled and abandoned and 4 wells had been drilled but were neither completed nor abandoned. Eight wells were currently being drilled.
26. Date and author of mining engineer's or petroleum geologist's report filed with this application and available for inspection on request.	McDaniel Consultants Ltd., August 24, 1956.
27. Full particulars of production to date.	None.
28. Have any dividends been paid? If so, give date, per share rate, and amount paid in dollars on each distribution.	No.

29. Name and address of the solicitor or attorney whose certificate that the applicant is a valid and subsisting company and that the shares which have been allotted and issued were legally created and are fully paid and non-assessable has been filed with the Exchange.	Messrs. McCarthy & McCarthy, Canada Life Building, Toronto.
30. (a) Have any shares of the Company ever been listed on any other stock exchange? If so, give particulars.	No.
(b) Is any application for listing the shares of the Company on any other stock exchange now pending or contemplated? If so, give particulars.	The Company is making application for the listing of its preference shares on the Canadian Stock Exchange.
(c) Has the listing of any shares of the Company ever been refused or deferred on any stock exchange? If so, give particulars.	No.
31. Particulars of the principal business in which each director has been engaged during the past five years, giving the length of time, position held and name of employing company or firm.	<p>GORDON HOLLIS ALLEN, Q.C., has been for the past five years, a Barrister and Solicitor and a partner in the firm of Allen, MacKimmie, Matthews and Wood, Barristers and Solicitors, Calgary, Alberta.</p> <p>RALPH AUSTIN BARD, JR., has been, for the past five years, engaged in investment research and analysis and since March 1952 has been President of Chicago-Canadian Holdings Limited.</p> <p>HARRIS COX, has been, for the past two years, self-employed as a manager of oil properties in and around Calgary, Alberta and prior thereto was a Vice-President of Western Geophysical Company of Canada Ltd. for more than three years.</p> <p>D'ARCY MANNING DOHERTY, has been for the past five years, a member of the Toronto Stock Exchange and President of Doherty Roadhouse & Company, Limited, Stock Brokers, Toronto, Ontario.</p> <p>PETER KILBURN, has been for the past five years, a Vice-President and Director of Greenshields & Co Inc, Investment Dealers, Montreal, Quebec.</p> <p>FRANCIS RICHARD MATTHEWS, Secretary-Treasurer and a Director of the Company, has been, for the past five years, a Barrister and Solicitor and a member of, and for the past year a partner in, the firm of Allen, MacKimmie, Matthews and Wood, Barristers and Solicitors, Calgary, Alberta.</p> <p>MAITLAND FULLER NEWMAN, has been, for the past five years a Vice-President and Director of Cochran, Murray and Co., Limited, Investment Dealers, Toronto, Ontario.</p>

Dated at Calgary the 13th day of September, 1956.



PERMO GAS & OIL LIMITED
"HARRIS COX", President.
"F. R. MATTHEWS", Secretary-Treasurer.

STATEMENT SHOWING NUMBER OF SHAREHOLDERS OF PREFERENCE SHARES
as of September 20th, 1956

Number	Shares
237 Holders of 1 - 100 Preference shares.....	22,150
745 " " 101 - 1000 " "	404,775
53 " " 1001 - 2000 " "	93,700
30 " " 2001 - 3000 " "	78,100
8 " " 3001 - 4000 " "	31,400
24 " " 4001 - 5000 " "	117,800
42 " " 5001 - up " "	3,252,075
1,139 Stockholders	Total shares.... 4,000,000

FINANCIAL STATEMENTS

Balance Sheet and Pro Forma Balance Sheet as at August 28, 1956

(The pro forma balance sheet gives effect as at August 28, 1956 to the transactions set forth in note (1) to the accompanying statements)

ASSETS

	Balance Sheet	Pro forma balance sheet
CURRENT:		
Cash.....	\$35,700	\$ 875,700
FIXED:		
Interests in petroleum and natural gas leases and permits — at cost.....		6,150,000
Development expenditures — at cost (note 2).....		240,000
	<u>\$35,700</u>	<u>\$7,265,700</u>

SHAREHOLDERS' EQUITY

SHARE CAPITAL:

Authorized —

4,680,000 4½% convertible redeemable preference shares of \$2 par value each
595,000 common shares of no par value

Issued for cash —

4,000,000 4½% convertible redeemable preference shares (notes 3 and 5)..... \$8,000,000
297,500 common shares (note 4)..... \$35,700 35,700

\$35,700 \$8,035,700

Less — financing, organization and other preliminary expenses including commission on sale of preference shares (\$720,000).....		770,000
	<u>\$35,700</u>	<u>\$7,265,700</u>

NOTES:

- (1) The pro forma balance sheet gives effect to the following transactions subsequent to August 28, 1956:
 - (a) The issue and sale for cash to underwriters of 4,000,000 4½% convertible redeemable preference shares of the par value of \$2 each at their par value and the payment of a commission thereon at the rate of 18¢ per share;
 - (b) The purchase of interests in petroleum and natural gas leases and permits for \$6,150,000 and the assumption of \$240,000 of development costs already incurred thereon;
 - (c) The payment of estimated organization and other preliminary expenses of \$50,000.
- (2) The company is obligated to pay one-quarter of the development costs on permits and leases in which it has acquired an interest. The amount of \$240,000 represents the company's share of development costs assumed from the vendors. Commitments have also been given for approximately \$360,000.
- (3) The preference shares are redeemable at the option of the company at any time after September 1, 1958 at the amount paid up thereon together with a premium of 10% thereof and all declared and unpaid non-cumulative dividends and all unpaid cumulative dividends whether or not earned or declared which shall have accrued thereon (dividends will be non-cumulative until September 1, 1961). The preference shares are convertible at any time from September 1, 1958 to September 1, 1961 into fully paid common shares at the rate of one common share for each preference share.
- (4) Each common shareholder of record as of August 25, 1956, has been granted the right to purchase one additional common share at the price of \$1.82 for each common share then held by him, such rights to be exercised on or before September 1, 1961. The said rights are represented by stock purchase warrants entitling the holders thereof to purchase common shares of the company as aforesaid.
- (5) Options have been granted to the underwriters to purchase a total of 680,000 4½% convertible redeemable preference shares of the par value of \$2 per share at a price of \$2 per share exercisable in whole or in part on or before September 1, 1961 and the company has agreed to pay a commission at the rate of 18¢ per share for each preference share purchased by the underwriters under such options.

Approved on behalf of the Board:

By "G. H. ALLEN", Director.

By "D'ARCY M. DOHERTY", Director.

Auditors' Report

To the Directors of
Permo Gas & Oil Limited:

We have examined the balance sheet and pro forma balance sheet of Permo Gas & Oil Limited as at August 28, 1956. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet presents fairly the financial position of the company as at August 28, 1956. In our opinion also, the accompanying pro forma balance sheet presents fairly the financial position of the company at the same date, after giving effect to the changes set forth in note (1).

Toronto, Canada.
August 29, 1956

"CLARKSON, GORDON & CO."
Chartered Accountants.

PETROLEUM ENGINEER'S REPORT

August 24, 1956

PERMO GAS & OIL LIMITED
709 - 8th Avenue West,
Calgary, Alberta.

Dears Sirs:

Pursuant to your request, we have made a study of the crude oil and natural gas reserves of this Company. The Company has a 25.0 percent gross working interest in British Columbia Permits No. 18 and 22. There is an outside 10 percent carried interest in Permit No. 22. As a result, the Company's gross interest in this Permit will be reduced to 22.5 percent when all development and exploration costs are returned. These Permits are situated in the Peace River area of Northeastern British Columbia. The Fort Saint John, Northwest Fort Saint John, Southeast Fort Saint John, Airport and Charlie Lake gas fields are located almost entirely within these Permits. The Permits, which originally covered a total area of some 281,600 acres, provide for most of the natural gas rights on these lands and crude oil rights on a selected acreage basis. To date, only a portion of the petroleum and natural gas leases have actually been selected.

The natural gas reserves were estimated on a volumetric basis. Allowance for reservoir, field and plant losses were considered in all cases. The Province of British Columbia has reserved a 15 percent gross royalty on the natural gas in these Permits and, therefore, this percentage was used in order to obtain the Company's share of the net natural gas reserves. The Company's share of the total gross proven natural gas reserves in these Permits was estimated to be some 187.6 billion cubic feet before royalty and 159.4 billion cubic feet after royalty. A large portion of the natural gas reserves in question contain both sulphur and natural gas liquids. A plant is being constructed by Westcoast Transmission Company Limited to process the gas, however, the exact design and operation of this plant as well as the producer's share of production was unknown. As a result, it was not possible to estimate the Company's share of these reserves.

It was apparent that exploration on these Permits to date has been primarily directed towards the finding of natural gas reserves. A number of very good oil shows have been obtained particularly in the Triassic "C" and Permo-Penn horizons. An oil discovery was recently made in the Permo-Penn horizon of the Pacific Fort Saint John No. 45 well. Although this well has not as yet been placed on steady production an open flow of over 1,000 barrels per day of 42 degree API gravity crude oil was reported. This well is located on the southern side of the Fort Saint John field. Two other wells, Pacific Fort Saint John Nos. 1 and 9, which were somewhat structurally lower, both obtained good oil shows in this horizon. It would, therefore, appear that an oil leg of at least 100 feet may exist in this portion of that reservoir. As a result, it now appears that a substantial portion of this large reservoir is probably oil filled. In view of the limited knowledge of this part of the reservoir and the erratic nature of the porosity development, these oil reserves were classified as being of a probable nature. The Company's share of these probable crude oil reserves was estimated to be some 4,400,000 barrels before royalty and 3,700,000 after such deduction. The assumption that this oil column may exist, reduced the indicated gas reserves. It should be pointed out, however, that a considerable volume of solution gas reserves having a high natural gas liquid content will probably become available from this potential oil production.

A number of wells drilled in this area have indicated several additional oil and gas reservoirs. The Pacific Fort Saint John No. 29 well in the northern portion of Permit No. 18 found gas in both the Triassic "B" and "D" horizons. Although this particular well was suspended, the unexplored area around it would appear highly prospective. There have been several good oil shows in the Northwest Fort Saint John field area. Even though there has been no further drilling around these wells, the prospects for finding sizeable oil reservoirs, particularly in the Triassic "C" and Permo-Penn horizons would appear to be very good. The finding of additional gas reserves in this area is also highly prospective.

There are several large areas within the boundaries of the Permits in question which have been almost totally unexplored. In view of the oil and gas discoveries in this general region these areas are also believed to be of a prospective nature.

The extent and character of ownership and all other factual data supplied by the Company were accepted as represented.

Respectfully submitted,
McDaniel Consultants Ltd.
"R. R. McDaniel" President.

CERTIFICATE

I, Roderick Rogers McDaniel, Petroleum Engineer, of 231 8th Avenue West, Calgary, Alberta, Canada hereby certify:

1. That I am the President of McDaniel Consultants Ltd. which company did prepare a report upon certain properties of Permo Gas & Oil Limited during the months of July and August, 1956. That I as such President, supervised the preparation of said report.
2. That McDaniel Consultants Ltd., its officers and employees have no direct or indirect interest, nor do they expect to receive any direct or indirect interest in the properties of Permo Gas & Oil Limited, or in any securities of that Company.
3. That I attended the University of Alberta in the years 1944 and 1945 and the University of Oklahoma in the years 1945 to 1947, and that I graduated with a Bachelor of Science degree in Petroleum Engineering from the University of Oklahoma; that I am a member of the Canadian Institute of Mining and Metallurgy, that I am a registered Professional Engineer in the Provinces of Alberta and Saskatchewan and that I have in excess of seven years' experience in oil and gas reservoir studies and evaluations of western Canadian fields.
4. That the aforementioned report was not based on a personal field examination of the Company's properties, however, such examination was deemed unnecessary in view of the volume and accuracy of the records supplied as well as my personal knowledge of the general reservoir conditions and characteristics throughout the area in question.

Calgary, Alberta
August 24, 1956.

"R. R. McDANIEL", P. Eng.
Alberta and Saskatchewan

Schedule of Properties

As at August 17, 1956

Permits	Location	Nature of Interest	Acres	Term of Interest (1)	Company's Working Interest	Royalty Payable (4)	As at August 17, 1956			
							Wells presently drilling	Oil Wells	Gas Wells	Abandoned Wells
1.	Townships or portions of Townships 82, Ranges 18 and 19; Twp. 83, Rges. 16, 19 and 20; Twp. 84, Rges. 16, 17, 18; Twp. 85, Rges. 17, 18, 19 and 20, All West 6th M.	B.C. Crown Permit No. 18	129,991	1 year from Dec. 5th, 1955	25%	Crown plus 1% gross on crude oil only			2	1
2.	Sections 24 to 36 inclusive in Twp. 82, Range 18, W6M.	B.C. Crown Permit No. 22	8,184	1 year from Sept. 23rd, 1955	22½% (3)	Crown plus 1% gross on crude oil only				
Leases Ex Permit No. 18										
3.	Secs. 6 and 7, Twp. 83, Rge. 16, W6M; Secs. 1, 2, 11 and 12, Twp. 83, Rge. 17, W6M.	Crown Petroleum and Natural Gas Lease No. 6	3,820	21 years from April 1st, 1955	25%	Crown plus 1% gross on crude oil only		1		
4.	Secs. 4, 5, 8, 9, 16 and 17, Twp. 83, Rge. 17, W6M.	Crown Petroleum and Natural Gas Lease No. 7	3,832	21 years from April 1st, 1955	25%	Crown plus 1% gross on crude oil only	2		3	
5.	Sec. 31, Twp. 83, Rge. 19, W6M; Secs. 35 and 36, Twp. 83, Rge. 20, W6M; Secs. 6 and 7, Twp. 84, Rge. 19, W6M; Secs. 1, 2, 11 and 12, Twp. 84, Rge. 20, W6M.	Crown Petroleum and Natural Gas Lease No. 11	5,766	21 years from April 1st, 1955	25%	Crown plus 1% gross on crude oil only		1		
6.	Secs. 33, 34 and 35, Twp. 83, Rge. 19, W6M; Secs. 2, 3, 4, 9, 10 and 11, Twp. 84, Rge. 19, W6M.	Crown Petroleum and Natural Gas Lease No. 12	5,766	21 years from April 1st, 1955	25%	Crown plus 1% gross on crude oil only		1		
7.	Secs. 28, 29, 30, 31, 32 and 33, Twp. 83, Rge. 17, W6M; Secs. 4, 5 and 6, Twp. 84, Rge. 17, W6M.	Crown Petroleum and Natural Gas Lease No. 17	5,764	21 years from April 1st, 1955	25%	Crown plus 1% gross on crude oil only		1		
8.	Secs. 14, 15, 22 and 23, Twp. 83, Rge. 19, W6M.	Petroleum and Natural Gas Lease No. 10	2,572	10 years from April 1st, 1955	25%	Crown plus 1% gross on crude oil only				
9.	Secs. 19, 30 and 31, Twp. 83, Rge. 16, W6M; Secs. 23, 24, 25, 26, 35 and 36, Twp. 83, Rge. 17, W6M.	Petroleum and Natural Gas Lease No. 18	5,780	10 years from April 1st, 1955	25%	Crown plus 1% gross on crude oil only			1	
10.	Secs. 10, 11, 12, 13, 14, 15, 22, 23, and 24, Twp. 84, Rge. 17, W6M.	Petroleum and Natural Gas Lease No. 19	5,760	10 years from April 1st, 1955	25%	Crown plus 1% gross on crude oil only				
11.	Secs. 21, 22, 23, 26, 27, 28, 33, 34 and 35, Twp. 84, Rge. 19, W6thM.	Petroleum and Natural Gas Lease No. 20	5,764	10 years from April 1st, 1955	25%	Crown plus 1% gross on crude oil only.				
12.	Sec. 17, Twp. 84, Rge. 19, W6M.	Petroleum and Natural Gas Lease No. 21	644	10 years from April 1st, 1955	25%	Crown plus 1% gross on crude oil only				
13.	Secs. 19 and 30, Twp. 84, Rge. 19, W6M; Secs. 22, 23, 24, 25, 26 and 27, Twp. 84, Rge. 20, W6M.	Petroleum and Natural Gas Lease No. 22	5,122	10 years from April 1st, 1955	25%	Crown plus 1% gross on crude oil only			1	
14.	Secs. 27, 28, 29, 30, 31, 32, 33 and 34, Twp. 84, Rge. 18, W6M.	Petroleum and Natural Gas Lease No. 23	5,120	10 years from April 1st, 1955	25%	Crown plus 1% gross on crude oil only				
15.	Secs. 7 and 8, Twp. 83, Rge. 18, W6M.	Petroleum and Natural Gas Lease No. 98	1,284	10 years from April 1st, 1955	25%	Crown plus 1% gross on crude oil only.				
16.	Secs. 3 and 10, Twp. 83, Rge. 17, W6M.	Natural Gas Lease No. 60	1,274	21 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only	1		2	
Carried forward							3	-	9	3

Schedule of Properties (continued)

As at August 17, 1956

Location	Nature of Interest	Acres	Term of Interest (1)	Company's Working Interest	Royalty Payable (4)	As at August 17, 1956			
						Wells presently drilling	Oil Wells	Gas Wells	Abandoned Wells
					Brought forward....	3	-	9	4
17. Secs. 14, 15, 16, Twp. 84, Rge. 19, W6M.	Natural Gas Lease No. 76	1,924	21 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only			1	
18. Secs. 27 and 34, Twp. 83, Rge. 17, W6M; Sec. 3, Twp. 84, Rge. 17, W6M.	Natural Gas Lease No. 81	1,925	21 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only			1	
19. Secs. 13 and 14, Twp. 83, Rge. 17, W6M.	Natural Gas Lease No. 61	1,284	10 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only				
20. Sec. 15, Twp. 83, Rge. 17, W6M.	Natural Gas Lease No. 62	644	10 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only				
21. Secs. 6, 17 and 18, Twp. 83, Rge. 17, W6M.	Natural Gas Lease No. 63	1,916	10 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only				
22. Secs. 20, 21, Twp. 83, Rge. 17, W6M.	Natural Gas Lease No. 64	1,284	10 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only				
23. Secs. 5 and 6, Twp. 83, Rge. 18, W6M.	Natural Gas Lease No. 68	1,260	10 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only				
24. Secs. 26 and 27, Twp. 83, Rge. 19, W6M.	Natural Gas Lease No. 71	1,282	10 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only				
25. Sec. 32, Twp. 83, Rge. 19, W6M; Secs. 5 and 8, Twp. 84, Rge. 19, W6M.	Natural Gas Lease No. 72	1,929	10 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only				
26. Sec. 34, Twp. 83, Rge. 20, W6M; Secs. 3 and 10, Twp. 84, Rge. 20, W6M.	Natural Gas Lease No. 73	1,924	10 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only				
27. Sec. 18, Twp. 84, Rge. 19, W6M; Secs. 13 and 14, Twp. 84, Rge. 20, W6M.	Natural Gas Lease No. 74	1,927	10 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only				1
28. Sec. 28, Twp. 83, Rge. 19, W6M.	Natural Gas Lease No. 75	640	10 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only				
29. Sec. 19, Twp. 83, Rge. 17, W6M.	Natural Gas Lease No. 82	644	10 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only				
30. Secs. 7, 8 and 9, Twp. 84, Rge. 17, W6M.	Natural Gas Lease No. 83	1,924	10 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only				
31. Sec. 22, Twp. 83, Rge. 17, W6M.	Natural Gas Lease No. 84	644	10 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only				
32. Secs. 1 and 2, Twp. 84, Rge. 17, W6M.	Natural Gas Lease No. 85	1,280	10 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only				
33. Sec. 24, Twp. 84, Rge. 19, W6M.	Natural Gas Lease No. 86	640	10 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only				
34. Sec. 20, Twp. 84, Rge. 19, W6M.	Natural Gas Lease No. 87	640	10 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only				
35. Sec. 15, Twp. 84, Rge. 20, W6M.	Natural Gas Lease No. 88	642	10 years from April 1st, 1956	25%	Crown plus 1% gross on crude oil only				
					Carried forward....	3	-	11	5
									3

Schedule of Properties (continued)

As at August 17, 1956

	Location	Nature of Interest	Acres	Term of Interest (1)	Company's Working Interest	Royalty Payable (4)	As at August 17, 1956			
							Wells presently drilling	Oil Wells	Gas Wells	Abandoned Wells
36.	Secs. 19, 20 and 21, Twp. 84, Rge. 18, W6M.	Natural Gas Lease No. 89	1,920	10 years from April 1st, 1956	25%	Brought forward.... Crown plus 1% gross on crude oil only	3	-	11	5
Leases Ex Permit No. 22:										
37.	Secs. 10, 11, 12, 13, 14, 15, 22, 23 and 24, Twp. 83, Rge. 18, W6M.	Petroleum and Natural Gas Lease No. 8	5,794	21 years from April 1st, 1955	22½%	Crown plus 1% gross on crude oil only	1		4	
38.	Secs. 17, 18, 19 and 20, Twp. 83, Rge. 18, W6M.	Petroleum and Natural Gas Lease No. 9	2,568	21 years from April 1st, 1955	22½%	Crown plus 1% gross on crude oil only	2	1	1	
39.	Secs. 31 and 32, Twp. 83, Rge. 18, W6M; Secs. 5, 6, 7, 8, 17 and 18, Twp. 84, Rge. 18, W6M.	Petroleum and Natural Gas Lease No. 14	5,121	21 years from April 1st, 1955	22½%	Crown plus 1% gross on crude oil only			2	1
40.	Sec. 25, Twp. 83, Rge. 19, W6M.	Petroleum and Natural Gas Lease No. 13	636	10 years from April 1st, 1955	22½%	Crown plus 1% gross on crude oil only				
41.	Sec. 28, Twp. 83, Rge. 18, W6M.	Petroleum and Natural Gas Lease No. 15	644	10 years from April 1st, 1955	22½%	Crown plus 1% gross on crude oil only				
42.	Secs. 34, 35, Twp. 83, Rge. 18, W6M; Secs. 2, 3, 10, 11, 14, 15, Twp. 84, Rge. 18, W6M.	Petroleum and Natural Gas Lease No. 16	5,121	10 years from April 1st, 1955	22½%	Crown plus 1% gross on crude oil only				1
43.	Secs. 9, 16 and 21, Twp. 83, Rge. 18, W6M.	Natural Gas Lease No. 66	1,927	21 years from April 1st, 1956	22½%	Crown plus 1% gross on crude oil only	1		3	1
44.	Secs. 29 and 30, Twp. 83, Rge. 18, W6M.	Natural Gas Lease No. 70	1,282	21 years from April 1st, 1956	22½%	Crown plus 1% gross on crude oil only	1		4	
45.	Secs. 1, 2 and 3, Twp. 83, Rge. 18, W6M.	Natural Gas Lease No. 65	1,890	10 years from April 1st, 1956	22½%	Crown plus 1% gross on crude oil only				
46.	Secs. 25, 26 and 27, Twp. 83, Rge. 18, W6M.	Natural Gas Lease No. 67	1,926	10 years from April 1st, 1956	22½%	Crown plus 1% gross on crude oil only				
47.	Secs. 13 and 24, Twp. 83, Rge. 19, W6M.	Natural Gas Lease No. 69	1,280	10 years from April 1st, 1956	22½%	Crown plus 1% gross on crude oil only				1
48.	Sec. 36, Twp. 83, Rge. 19, W6M.	Natural Gas Lease No. 77	640	10 years from April 1st, 1956	22½%	Crown plus 1% gross on crude oil only				
49.	Sec. 33, Twp. 83, Rge. 18, W6M; Secs. 4, 9 and 16, Twp. 84, Rge. 18, W6M.	Natural Gas Lease No. 78	2,566	10 years from April 1st, 1956	22½%	Crown plus 1% gross on crude oil only				
50.	Secs. 1, 12 and 13, Twp. 84, Rge. 19, W6M.	Natural Gas Lease No. 79	1,920	10 years from April 1st, 1956	22½%	Crown plus 1% gross on crude oil only				
51.	Sec. 36, Twp. 83, Rge. 18, W6M; Secs. 1 and 12, Twp. 84, Rge. 18, W6M.	Natural Gas Lease No. 80	1,926	10 years from April 1st, 1956	22½%	Crown plus 1% gross on crude oil only				
52.	Sec. 4, Twp. 83, Rge. 18, W6M.	Natural Gas Lease No. 94	630	10 years from April 1st, 1956	22½%	Crown plus 1% gross on crude oil only				
Totals.....							8	1	25	8

NOTES TO SCHEDULE OF PROPERTIES

Note:

- (1) All Permits and Leases above mentioned were granted by the Crown in the right of the Province of British Columbia, as Lessor or Grantor to Pacific Petroleum Limited as Lessee or Grantee therein named and are held by it as Trustee subject to the terms of an Operating Agreement dated 28th September, 1949 between Pacific Petroleum Limited, Sunray Oil Company, Peace River Natural Gas Co. Ltd., Hudson's Bay Oil and Gas Company Limited and Union Oil Company of California. The beneficial interest of Hudson's Bay Oil and Gas Company Limited and of Union Oil Company of California has been acquired by the Company under Agreements mentioned in Note (2).
- (2) The Vendors of all the above property to the Company are Harris Cox, 1106 Talon Avenue, Calgary, Alberta, and Ralph Austin Bard, Jr., 40 Brinker Road, Barrington, Illinois, who, by Assignment dated 27th August, 1956 transferred to the Company their entire interest in the undermentioned agreements:—

Firstly, an option dated 19th June, 1956 granted to them by Hudson's Bay Oil and Gas Company Limited (herein referred to as "Hudson's Bay") as exercised on 19th July, 1956 and an Assignment Agreement between the same parties dated 20th August, 1956 under which Harris Cox and Ralph Austin Bard, Jr. acquired the entire interest of Hudson's Bay under the said Operating Agreement mentioned in Note (1) in the above lands effective as of 2nd April, 1956 for the sum of \$3,000,000 plus reimbursement to Hudson's Bay for all development expenditures paid by Hudson's Bay to the Operator under the said Operating Agreement in respect of operations conducted since 2nd April, 1956 and in addition the payment to Hudson's Bay of a 1% gross royalty of crude oil production from the said lands; and

Secondly, an offer dated 9th August, 1956, granted to Harris Cox by Union Oil Company of California (herein referred to as "Union") as accepted on 17th August, 1956 and an Assignment Agreement dated 20th August, 1956, between the same parties under which Harris Cox acquired the entire interest of Union under the said Operating Agreement in the above lands effective as of 2nd April, 1956 for the sum of \$3,150,000 plus reimbursement to Union for all development expenditures paid by Union to the Operator under the said Operating Agreement for operations conducted since 2nd April, 1956.

The Company has agreed to indemnify Harris Cox and Ralph A. Bard, Jr. under the said Assignment against all obligations assumed by them in the Agreements above mentioned with Hudson's Bay and Union but no other consideration has been paid or is payable to them for such assignment. The amount of cash payable to Hudson's Bay and Union by way of reimbursement for development expenditures is estimated at \$240,000 and they have given commitments binding upon the Company for further expenditures in the estimated amount of \$360,000.

- (3) Subject to the obligation to furnish 25% of all development costs recoverable out of 25% of net production after operating expenses and royalty, following which recovery the Company's interest reverts to 22½% working interest.
- (4) Crown Royalty (in respect of which the Company pays a proportion equivalent to its interest in production) is as follows:—
 - (a) On crude oil — sliding scale depending on monthly per well production, of 5% minimum up to 16⅔% maximum of gross production; and
 - (b) On other liquid hydrocarbons and sulphur obtained by processing natural gas — 12½% of gross production; and
 - (c) On natural gas and residue gas — 15% of gross production but not less than ¾ of 1¢ per M.C.F.

The additional 1% gross royalty on crude oil only is payable to Hudson's Bay Oil and Gas Company Limited and is entirely payable out of the Company's working interest in production.

